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indebtedness to the United States. There are east of us and south of us vast fields of wealth awaiting the intelligence and energy of civilized man for their exploitation, the result of which through the labors of the citizens and subjects of the creditor states can find their way into the treasury of the Great Creditor—the United States.

It may be that there are some who think that this brief outline exposes materialist and selfish policy. I have come from a continent where in a sense I found nowhere any other policy, a continent where in my judgment the pending problems can find no solution other than that which at

its bottom is an economic solution. "This is a very old cosmogony," as Anatole France remarked in one of his books. Europe is a very old Europe. Its psychology is different from our psychology; its people are the inheritors not only of an ancient and rich civilization and a fine tradition but of rivalries and hatreds which are almost immemorial, which are bone of the bone and blood of the blood of the people. We have a community of interest with Europe but not an identity of interest. It is in serving herself and guarding her own interests that America will best save Europe from herself.

A Plan for Underwriting the Debts of the Allies to the United States

By HON. JOSEPH IRWIN FRANCE
United States Senator from Maryland

IT has seemed to me that the terrible tension and tremendous action of the war have been followed by a reaction of passivity which has led us to fail to approach and master the great problems which must be solved if we are to save civilization. It seems to me that statesmen of the world have been stupefied by the stupendous events of the war, that they have been poisoned by its toxic prejudices and that they are still suffering with the fever of the perverted emotions of war. It is for this reason that we have not solved the problems which must be solved and solved quickly if we are to save the civilization of the west from destruction.

We have operated on the world with cold steel to excise from the organism the tumor of malignant militarism, but we have not closed the wound and we have not ligated the arteries, and civili-

zation is bleeding to death. This sounds extreme but it is put mildly.

The world is an organism, an organism because it is composed of separate organs with a diversity of functions, but while there is a diversity of organs and of functions there is a community of interest. If the war has taught us anything it has taught us that the world is a community. By the veins and arteries of commerce, by the nerves of electric communication, by the powerful ligaments of common interests, the world has been bound together into a single community of interest. That is what the Kaiser forgot when he marched his armies into Belgium. He forgot that if he destroyed Belgium, if he destroyed France, or if he destroyed England he also destroyed the German Empire; and they forgot at the Peace table at Paris, that to demand punitive damages and ex-

treme reparation and to adopt plans which meant the demoralization or isolation of any nation was to bring demoralization, disorder, and disease everywhere. You might as well expect a man with a mortal malady in a vital organ to be in a high degree of health as to expect this world to be prosperous and peaceful and in a physical condition of well-being with Russia or Germany or Austria demoralized or in revolution.

The world is an organism made up of countries, which are organs, each one of which must be fed by the nutrient arteries, and the moment there is blocked off one of those organs from the proper circulation of the blood of commerce, it brings disease in that country, and disorder and disease in every other country. They say some of the countries of Europe are becoming "red." Revolution in Germany was no surprise to the man who knows the very elemental things of social and political economy. What causes a nation to become "red?" Ligate the artery which brings the circulation of commodities to a country, as we have the nutrient arteries supplying Germany, and we get malnutrition and unemployment. With unemployment there comes poverty; with poverty hunger; with hunger the wasting of bodies; with the wasting of bodies the fever of minds.

But how does that affect us? The world is an organism. The death of industry in one country will certainly bring the same disorder in the others. Anarchy will not be located in a single spot; it will spread like a disease through the whole. To illustrate, Germany is without cotton and wheat. Do we realize that there is radicalism on the farms of Nebraska? The anarchy which is in Germany is spreading until it may beget anarchy in the western part of the United States?

Why is it? The farmer with his bursting bins reads that millions of men in Europe are starving,—and corn is still at forty cents a bushel, one-half its cost of production. Cotton is crowding the warehouses, and much of it is lying out in the weather, and the southern planter reads that the people in Germany and Russia and in central Europe are in rags, and unemployed, because they need his cotton to start their mills to make the clothing for the covering of their bodies. The International Association of Machinists read that Russia and Germany need machine parts; and the shoe manufacturing population of New England, out of work and without wages, are reading that by their idleness the people of Russia will be compelled to suffer the snows of the coming winter, fifty millions of them, unshod. Is it clear what I mean? We have a surplus and they have a need. Their extreme need is bringing to them revolution and disorganization, but it is damming back upon us a surplus equally unhealthy, which is bringing us discontent and radicalism. While our government and the newspaper editors are replying to the fact that the men are out of work, the farmers who have a surplus of wheat and corn, and the cotton planters whose notes are falling due in the bank and can not be met because of stores of cotton that can not be moved, are asking whether there is validity and rationality in a settlement which forbids the flow of products from the place of plenty to the place of desperate need.

International debts are causing trouble. We can not export to Europe because Europe's credit with us is exhausted. Europe owes ten billions of dollars, of course in fixed obligations, a large amount in accumulated interest, and in addition to that there has accumulated, since the middle of 1919,

at which time the Government of the United States ceased to advance in large sums credit to the countries of Europe, an unfunded debt of at least three billion seven hundred millions of dollars. The present debt of Europe to the United States has almost reached the colossal sum of fifteen billions of dollars, and with that mounting debt there has been a steadily declining tendency in our exports from this country to Europe, and we are in a period of depression. And let me say, in passing that there is no reason for panic and depression in this country. There is no reason why we should not be exporting to Europe now goods in quantities equal to the quantities which we exported during the most strenuous days of the war, for Europe needs today as desperately for reconstruction as she needed then for the preservation of her civilization by war. We sold them, of course, for purposes of destruction, and it is equally important that we should now be selling them for purposes of reconstruction.

But what is the solution? Let the flow of trade, let the cooling and healing streams of commodities flow to the most troubled of the countries in Europe, and there will be a restoration of the normal state of health.

I have already presented in the Senate a resolution which I think would meet the situation. When I first presented that resolution it was considered that I was somewhat radical, for I intimated that it might not be possible for Germany to pay the full amount of the reparation asked by France, and that it might not be possible for the Allied nations to pay the debts which they owe us. Of course, both are impossible. For Germany to pay the billion dollars a year it means she must export a billion dollars more than she imports; it means she must export four billions of dollars worth of

manufactured articles more than she will import within the next four years, and you will grant that Germany will be permitted to dominate every market in the world for manufactured articles if she exports, even in the most prosperous times, four billions of dollars worth of goods in excess of the amount of her imports. So it is apparent that you can not force the reparations which you desire, and you can not inflict the punishments which you would inflict without inviting a greater and more menacing evil. We can not at present consent to a plan which would give all the markets of the world to Germany again, and yet if we do not, the payment of such an indemnity is impossible.

What is the solution? Shall there be cancellation of the debt? It is very easy to figure out that the United States might really be better off in many respects, in the long run, if she would immediately cancel that debt and immediately begin to ship goods to Europe in the accustomed quantities; but it is useless to talk of cancellation,—it is not feasible. The thought of cancelling that debt is repugnant to the American. Indeed, any political party proposing it or attempting it would be destroyed by the consuming wrath of the American people, ever patient, enduring, silent but very watchful. The American people would never consent to cancelling a debt owed them by imperial powers without some conditions being imposed with the cancellation that there should be a very great modification of the ideals, the purposes and the methods of imperialism.

What is the alternative? They must have our goods. They can not pay for our goods, and there must be found some method for debt settlement. My plan for the settlement of the debt is but a single incident in a larger and

more comprehensive program. It would consist in the transference to the United States of certain assets which the allied and associated powers receive from Germany as part of the reparations for the damages which she inflicted by the war. These assets are: First, the German-American cables, which we should have even without payment; second, certain valuable colonies, which we should have, the colonies of Africa, the colonies in the islands of the sea, the colonies of the West Indies, perhaps, might be included, although I have not included them as yet in my plan. These colonies of course consist of great tracts of most valuable land in Africa, in territory about one-third the area of the United States, or one million square miles, territories which we could, and for certain reasons which we should, take and develop.

In short, my plan is this: To have the German indemnity fixed at fifteen billions of dollars, the sum determined upon by the Anglo-French Conference at The Hague,—a sum also arrived at by certain experts, including Mr. Keynes particularly, who concluded that fifteen billions was the proper amount to pay when there would be no punitive damages. But, as credit for this fifteen billions of dollars paid to the Allies as indemnity I would give Germany credit in the amount of five billions of dollars for the colonies and cables already transferred, reducing the net indemnity to be paid by Germany to the sum of ten billions of dollars; and then I would have the allied and associated powers turn over the German colonies in Africa, and the cables, to the United States, receiving therefor a credit of at least seven billions of dollars, possibly a credit equal to the amount owed us by the allied and associated powers.

Some will say this would embark

America on a great system of imperialism. I do not think that it would, for it would be a great step forward toward that form of international coöperation which I wish to see attained under what I call the "concert of nations."

The method of the settlement of this debt must do several things. It must relieve Germany so Germany can buy raw products and rehabilitate her industries. It must repay the United States without a sacrifice too great upon her part and it must provide a method by which the general productivity of Europe will be increased. It must also provide a plan which will increase the general productivity of the world, in order that the world by greater production will be able to meet those great obligations incurred by war.

I would have the United States go into Africa with France and Great Britain to work side by side with them in the concerted action toward the trade development of a great portion of the world, and the improvement of the conditions of the peoples there. In other words, the great function of international coöperation on the part of the advanced nations should be this function of developing for the general welfare the undeveloped peoples and the undeveloped places of the world. It is not for purposes of imperialism that I would recommend the taking of these colonies but rather for the purpose of carrying out the new policy of Americanism, under which we would do in Africa what we have announced would be our policy in the Philippines, a policy well carried out,—a policy which would result in the development of the peoples there as we have attempted to develop the peoples and the territories in the Philippine Islands.

Certain facts have developed out of this Peace Conference. We can not

have internationalism—which means an organless world, a world without nations, a world without the divisions into separate peoples. Neither can we have an isolation which would give us an organ seeking to function yet amputated from the whole. That is equally irrational. We must have a coöperation between the peoples of the world

for the solution of the problems which are common to all the peoples of the world, a system not for the expansion of the territory of an empire, but for the occupation of undeveloped territory, for the formulation of international life and for the developing of plans by which, in the interests of all, the welfare of each would be cared for.

Allied Indebtedness to the United States

By JOHN FOSTER DULLES

Former Financial Adviser for the Peace Conference

IN any discussion of inter-Allied indebtedness, it is natural that our thoughts first turn to the question of whether the nations debtor to the United States are capable of obtaining the dollars wherewith to pay us. The capacity of the various debtor nations greatly varies. We can not rank equally France and Russia, or Great Britain and Poland. Let us first consider Great Britain as the debtor nation which has the greatest capacity for dollar payment. Analysis will indicate that it is perhaps possible for Great Britain to secure the necessary dollars to discharge her debt of some \$4,500,000,000 to us. She would do so in part by reselling American and other foreign securities, which her people still hold in large quantities. She would sell such of her own domestic securities as would command the confidence of the American investing public. She would perform services for us as shipper, banker, broker and insurer. She would export to us goods and limited quantities of gold. Payment in this way would be a long process, because in addition to her debt to our Treasury, Great Britain must take care of about \$550,000,000 of short term obligations held directly by the American public. But it is not beyond the realm of possi-

bility that, given ample time and a moderate rate of interest, Great Britain could ultimately discharge her debt.

But Great Britain is in a unique position. No other nation has such equipment and international training for the collection of the dollars necessary to discharge a dollar obligation. The financial and economic situation of France is too shaken to permit her to undertake any important external payments, particularly as France has not been an important factor in international trade for many years and as she has not in existence, and could only with difficulty create, the organizations through which a foreign debt can most readily be paid; namely, organizations to supply service as shippers, insurers, bankers, et cetera, thus creating those invisible balances which are so important an element in the economic strength of Great Britain.

If we turn to the newly formed and re-created states such as Poland and the Serb-Croat-Slovene state, we find that it is exceedingly difficult for these States to finance even the most essential imports. The schemes which are being proposed to make this possible contemplate resort to the extreme expedient of their pledging to foreigners the very essentials of sovereignty, such as